



Information especially for employers

employer advisor

Summer 2015

Published quarterly by the Utah Department of Workforce Services • jobs.utah.gov

In this issue:

- What is New Hire Reporting?
- Why New Senior Auditor Positions Were Created
- Online Filing: The Advantages for Employers
- Officer Wages Must Be Reported!

For real-time help, use our Live Chat feature in upper right-hand corner of <https://jobs.utah.gov/ui/employer/employerhome.aspx>



Read the latest on Utah's economy with Local insights here:



What is New Hire Reporting?

New hire reporting is required by federal law for all employers nationwide. Each state administers new hire compliance under direction of the National Directory of New Hires. This data is critical for enforcing child support requirements as well as detecting unemployment insurance (UI) fraud. Employers must report the following new hire data elements within 20 calendar days from the hire date to Workforce Services: employer FEIN, employer address, employee SSN, employee address, and employee date of hire (i.e., the first day of work performed).

There are several direct benefits from filing new hire reports. A new hire report enables Workforce Services to run cross matches against UI benefit payouts. This identifies individuals who have been working while also collecting unemployment benefits. Workforce Services requires them to repay the benefits they received while working. They may be assessed a penalty up to 100% in cases of fraud. This protects the financial integrity of the Unemployment Trust Fund ensuring that Utah employers enjoy the lowest possible contribution rates.

Why New Senior Auditor Positions Were Created

The Utah Department of Workforce Services received a grant from the U.S. Department of Labor in 2014 to help fund three new senior auditor positions. Their work will primarily focus on three areas including 1099 Non-Match Status Investigations, audits, and designing and implementing an employer outreach program.



The 1099 Non-Match Status Investigation focuses on businesses that are not registered with Workforce Services for Unemployment Insurance (UI) and were found through the IRS 1099 Non-Match file. The IRS sends Workforce Services a list of employers who issue 1099s to individuals, but are not registered with the department. The investigation will determine if the 1099 recipients are properly classified as independent contractors, meeting Section 35A-4-204(3) of Utah Employment Security Act.

If the Status Investigation discovers misclassified workers, an account will be established for the employer and the auditor will work with the employer to ensure that all payments classified as wages are properly reported.

The new Employer Outreach Program will educate various organizations, businesses, and tax preparers (e.g., accountants, professional employer organizations, human resource administrators) on the statutes and rules governing the UI program designed to accurately classify workers.

See <http://www.rules.utah.gov/publicat/code/r994/r994-204.htm#T4>

Online Filing: The Advantages for Employers

As an employer, would you like to quickly and easily file your quarterly wage list and contribution report? You can do this and more by filing online. Online filing is a faster and more secure method to report wages. Our online tool will automatically and accurately calculate your tax liability, as well as allow you to make payments by electronic funds transfer. You can manually enter data or upload a file. Filing online creates a database for your business allowing you to store, review, and amend previous reports. This one stop process has all of the tools you'll need for a fast, efficient reporting process.

If this online tool sounds intimidating, Workforce Services' website — jobs.utah.gov — has an extensive library created to help you, the employer, navigate through the tools and options. For example, the employer "Frequently Asked Questions" page contains valuable answers to help you complete the filing process. It includes a step-by-step guide explaining how to file online. This allows you to spend less time reporting and more time focusing on what's important to you: your business. File online and enjoy a worry free experience. For additional questions or for help filing online, call us at 801-526-9235.



Officer Wages Must Be Reported!

Both the State of Utah and the IRS regard corporate officers as statutory employees and — just as for any other employee — their compensation must be reported. Furthermore, the reported compensation must be reasonable and adequate.

Two questions that logically follow from this requirement are: what is reasonable and adequate compensation, and can't officers report for themselves whatever wages would be in the best interest of their businesses?

IRS fact sheet FS-2008-25 offers some guidance on this issue, suggesting that reasonable officer compensation should be based on factors, such as, "duties and responsibilities," "time and effort," and "what comparable businesses pay for similar services." In short, officer wages should be equal to the work performed, not an arbitrary or token amount.

The factors described are no different than those an employer might use to determine what wages to pay any other employee. They describe an assessment of that person's significance to the business, and what the market would be willing to pay for this service. Likewise, using these factors to assess the value of an officer's contribution to a business should result in reported compensation that is reasonable and adequate.

For more information, visit our website at jobs.utah.gov. The Administrative Rules for Workforce Services, Unemployment Insurance can be viewed at:

<http://www.rules.utah.gov/publicat/code/r994/r994.htm>

IRS fact sheet FS-2008-25 can be viewed at <http://www.irs.gov/uac/Wage-Compensation-for-S-Corporation-Officers>